

BRYAN GIVES VIGOROUS ANSWER TO HAVEMEYER'S DEFENCE OF TRUSTS.

Extortion Only One of the Evils of Trusts---Government for the People Cannot Long Survive if Industrial Independence Disappears---Tariff Reform Only a Partial Remedy---Monopoly Tends Toward Industrial Aristocracy Wherein a Few Control All Means of Production and Transmit That Control from Generation to Generation.

BY WILLIAM JENNINGS BRYAN,

The Editor of the Journal:

MR. HAVEMEYER'S testimony before the Industrial Commission has excited much comment, due in part to his prominence in business and financial circles, in part to the fact that he is himself at the head of a great trust, and in part to the arguments submitted by him. He declares that the tariff is the mother of the trusts. The same has been said a great many times before by a great many people, but the reading public is just now engaged in considering the subject of trusts, and such a statement at this time from such a man challenges attention. Republicans accuse him of having a grievance. Whether the Sugar Trust has received its share of the favors bestowed by the McKinley act and whether an act is a matter of little concern to the public, but whether Mr. Havemeyer's views are correct is a question of moment.

When tariff reformers have pointed to a high tariff law as a barrier against outside competition and a burden to consumers, protectionists have invariably responded that competition at home would reduce the price of the protected to the point where the manufacturer would only receive a reasonable return upon his investment. What will the protectionists say now when the manufacturers openly combine to destroy competition and secure all that the law will permit?

According to the theory of protectionists the tariff should be exactly equal to the difference between the cost of production in the United States and the cost of production abroad. No tariff can be defended according to this theory unless it is actually added to the price of the home product, because if it is not added it is not needed.

A tariff that is not used by the manufacturers is a constant temptation to them, and presents an ever present invitation to combination. To advocate a tariff on the ground that it is needed, and then punish those who unite to take advantage of it is superlative absurdity.

Free Trade a Partial Remedy.

Some have suggested the free list as a cure-all remedy for the trusts. There is no doubt that the removal of the tariff from a trust-made article would reduce the extortion, but would it necessarily destroy the trust? If, for instance, steel rails can be sold for \$15 per ton in both Europe and the United States, a tariff of \$9 per ton would enable the domestic manufacturers to form a combination and raise the price of steel rails in the United States to \$24 per ton. A law putting steel rails upon the free list would prevent the extortion, but if steel rails can be produced in the United States as cheaply as elsewhere, a Steel Rail Trust could be formed without the aid of any tariff wall, and a trust organized under those conditions would be able to control the price of the product as well as fix the rate of wages and the price of raw material.

Whenever an article can be exported in competition with foreign products a trust formed in that article can collect from the consumer the foreign price, plus the cost of transportation, and we are yearly increasing our export of manufactured products.

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It is evident that we are constantly adding to the number of articles which trusts could control without the aid of import duties.

Tariff reform, therefore, or even free trade, would be only a partial remedy. To advance this as the only remedy or as a complete remedy would not only prove a disappointment to the opponents of monopoly, but it would probably rally the protectionists to the support of the trusts.

Extortion is, however, only one of the evils flowing from monopoly; there are other evils which, though less noticeable, are not less dangerous to our country. Mr. Havemeyer's broad defence of trust principles is therefore deserving of as much attention as his condemnation of a high tariff. After pointing out the advantage which the trusts derive from high tariff laws he warns the public against anti-trust legislation. He says: "Prestige, ability, experience and wealth win in the long run, and trusts are an example of the survival of the fittest in business." He argues that trusts exist because they deserve to exist, and he seems to consider wealth entitled to all that it can secure, no matter what the means employed. The "let-alone policy" now advocated by trust magnates has always been popular with the strong. The giant does not need any protection from the dwarf, and naturally resents the interference of government when a law is passed prohibiting larceny, assault or murder.

So some of the great corporations to-day resent any attempt upon the part of the Government to protect smaller corporations and private individuals from trust methods, but the physical giant has more right to complain of interference than the corporations, because the giant is under no obligation to the dwarf for superior strength, while the corporation derives its privileges, its power and even its very existence from laws passed by the people.

Competition or Monopoly?

The corporation is a creature of the Government, and under a Government like ours we must assume that the corporation was created for the public good. If a corporation so uses its privileges as to become a menace to the general welfare, those privileges must be withdrawn or restrictions must be added which will prevent abuse.

The trusts have brought the country face to face with a question of great importance—namely, whether the industrial system shall rest upon competition or monopoly. We cannot permit a few of our industries to combine unless we are willing to allow all to combine. In other words, now that the question is raised, the Government must either protect competition in all departments of private industry, or it must permit the trust to overthrow competition everywhere.

Self-preservation is the first law of society as well as the first law of physical existence. A monopoly tends toward industrial aristocracy; it tends to create a condition wherein a few will control all the means of production, and transmit that control from generation to generation while the masses struggle for a bare living, with no hope of progress or independence.

The influence of concentrated wealth is so great in the social and political world that a government of the people, by the people and for the people cannot long survive if industrial independence disappears. When the monopoly idea is carried to its natural and logical conclusion we will have a government of the trusts, by the trusts and for the trusts, with the large majority of the people more helpless than they are under an absolute monarchy.

Mr. Havemeyer says: "Legislation against corporations, if followed to its legitimate results, would make the country less powerful, its people less prosperous and would destroy the influence which comes from the richness of the land and its people."

If by "legislation against corporations," he means legislation against trusts, he is in error. The wonderful growth of this country and the development of its natural resources have gone on until recently without the aid of trusts. The watering of stock, the bankruptcy of rivals and the absolute control of the price of the product, of raw material and of the

rate of wages—these things are not necessary to business success, nor are they essential to the proper development of a country.

On the contrary, the greatest development, the most rapid progress and the largest total accumulation of wealth can be expected from a system which infuses hope and ambition into the largest number of toilers and guarantees to every individual the enjoyment of the largest possible share of the wealth which he creates. The trusts, instead of accelerating production, really lessen the total product, while they concentrate the rewards of labor, so that but few are benefited.

Trusts' Defenders Fatalists.

The defender of trusts thinks himself an optimist because he sees no danger ahead, but instead of being an optimist he is really a fatalist. He accepts a trust as a thing inevitable. Instead of considering the trust question upon its merits he assumes that it is good because it exists.

If a physician finds his patient covered with boils he does not try to convince him that boils add to one's beauty or that they are a blessing because they have appeared. Instead of praising boils he administers a remedy that will purify the blood. So the real optimist believes in the ability of the people to govern themselves and to correct by proper methods all the abuses of government. Like the farmer, he cultivates the good grain and destroys the noxious weeds.

Mr. Havemeyer thinks that Federal legislation should not be invoked for the annihilation of the trust. Speaking to the commission, he says: "The sooner you realize it and quit trying to control it by Federal legislation the better for all." But State legislation is not sufficient.

So long as the injury done by a trust is confined to the State in which it exists the remedy can safely be left to that State, but when States advertise themselves as breeding places for trusts, and vie with each other in the passage of laws favorable to the organization and protection of trusts, it becomes necessary for the people to resort to an authority which reaches to every nook and corner of the country. The State authorities can do something, but their efforts will not be completely successful. The fear of driving capital from the State, and the desire to attract capital to the State operate to paralyze the arm of the State in dealing with the trusts. The Federal Government alone can supply a remedy commensurate with the evil.

One passage in Mr. Havemeyer's testimony shows a superficial knowledge of social conditions. He says: "Citizens are divided into two classes—the industrious and those who wish to live on the industry of others. It is they who are without capital who are hostile to it. This is only another mode of stating the obvious proposition that it is those who are without means who wish to have it without work."

Country Not Hostile to Capital.

On the contrary, everybody is desirous of accumulation.

There is no hostility on the part of the country toward capital, but there is hostility to some of the methods employed by those who possess large capital to overreach those who possess less capital. There is some hostility—though not as much as there should be—toward those who use large accumulations of capital to corrupt government and purchase special privileges, and then use the power acquired to destroy competition and trample upon the rights of weaker members of society. There is some hostility toward those who, in the acquiring of capital, have not furnished to society an adequate return for the capital acquired.

If society is in danger, the danger does not come from those "who are without means and who wish to have it without work," but from those who have means for which they did not work.

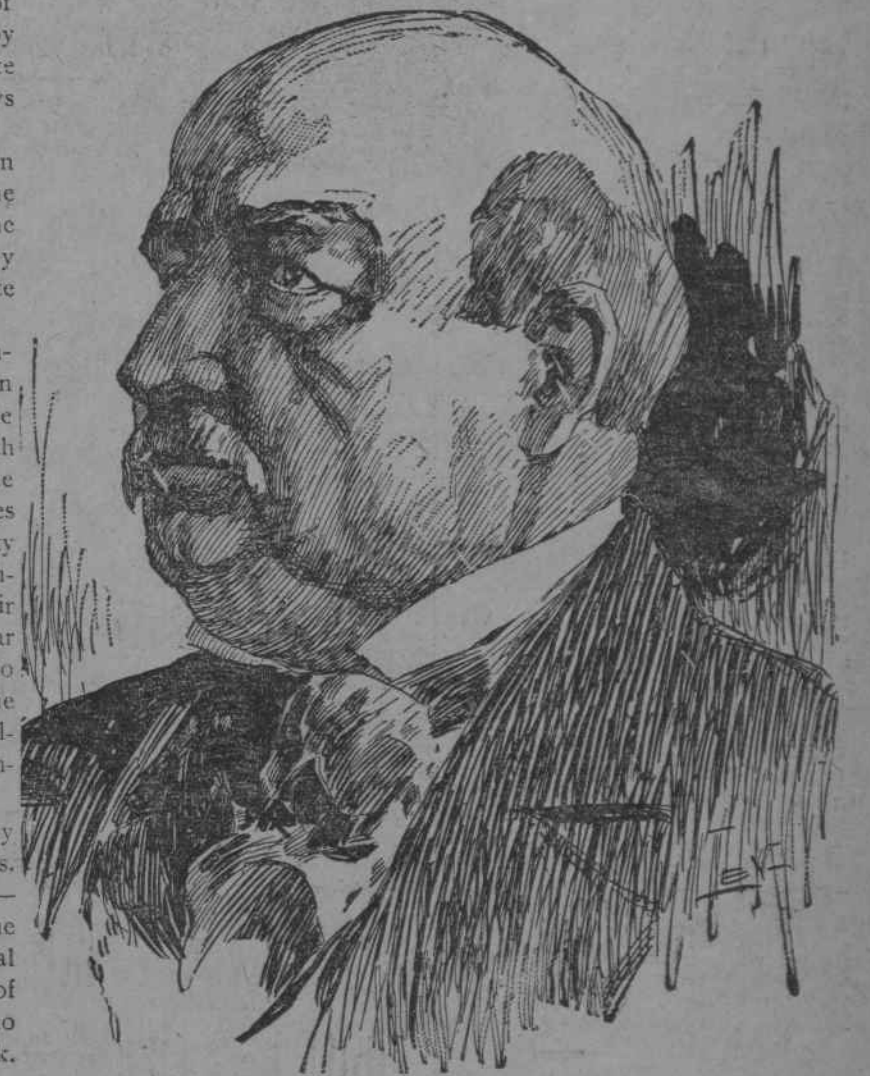
Bismarck, in addressing an audience of farmers a few years ago, told them that they would have to act together in order to protect themselves "from the drones of society, who produce nothing but laws." If we could to-day divide the people of the United States into two classes, placing in one group the producers of wealth and in another the non-producers, it would be found that the non-producing produce far more laws than the producers. So long as the non-producing element controls legislation the laws will be more favorable to those who speculate than to those who toil.

Lincoln's Warning Voice.

Mr. Havemeyer's eulogy of capital recalls the language of Abraham Lincoln in a message to Congress in 1861. He said: "Monarchy itself is sometimes hinted at as a possible refuge from the power of the people. In my present position I could scarcely be justified were I to omit raising a warning voice against this approach of returning despotism. It is not needed or fitting here that a general argument should be made in favor of popular institutions, but there is one point with its connection not so hackneyed as most others to which I ask a brief attention. It is to the effort to place capital on an equal footing with, if not above, labor in the structure of government. It is assumed that labor is available only in connection with capital, that nobody labors unless somebody else owning capital somehow, by the use of it, induces him to labor. Labor is prior to and independent of capital. Capital is only the fruit of labor and could never have existed if labor had not first existed. Labor is the superior of capital and deserves much the higher consideration."

If Mr. Lincoln then saw the approach of monarchy in the attempt to place capital above labor, have we not a reason to be alarmed when we find the same disposition much more pronounced now than in 1861?

"Capital is the fruit of labor," and so long as it is an incentive to labor it serves a useful purpose, but can we afford to enthrone money, the servant, and debase man, the master?



Henry O. Havemeyer.
President of the Sugar Trust.

W. J. Bryan

"The question is raised, the Government must either protect competition in all departments of private industry, or it must permit the trust to overthrow competition everywhere.

"Self-preservation is the first law of society as well as the first law of physical existence. A monopoly tends toward industrial aristocracy; it tends to create a condition wherein a few will control all the means of production, and transmit that control from generation to generation while the masses struggle for a bare living, with no hope of progress or independence."